



June 5, 2007

Mr. Craig Buehler, Chief
California Department of Justice
Criminal Intelligence Bureau
1102 Q Street, 6th Floor
Sacramento, CA 95814

Dear Mr. Buehler:

**Final Audit Report—California Department of Justice, CALGANG System Grant Award
GV05099504**

Enclosed is the final audit report on the California Department of Justice's (DOJ) CALGANG System grant award GV05099504 for the period July 1, 2005 through June 30, 2006. The audit was performed under an interagency agreement between the DOJ and the Department of Finance, Office of State Audits and Evaluations (Finance), and included a review of grant receipts and expenditures, internal control, and compliance with grant contract provisions.

Because our audit identified no findings, we are issuing this report as final. In accordance with Finance's policy of increased transparency, this report will be placed on the Finance website.

We appreciate the assistance and cooperation of DOJ staff during our audit. If you have any questions regarding this report, please contact Frances Parmelee, Manager, or Zach Stacy, Supervisor, at (916) 322-2985.

Sincerely,

Original signed by:

Diana L. Ducay, Chief
Office of State Audits and Evaluations

Enclosure

cc: Ms. Bettina Redway, Acting Deputy Chief Attorney General, Administration and Policy,
Office of the Attorney General
Ms. Doris Brownfield, Acting Director, Office of Program Review and Audits, California
Department of Justice
Mr. Wilfredo Cid, Assistant Director, Division of Law Enforcement, California Department
of Justice
Mr. Kirby Everhart, Chief, Criminal Justice Program Division, Governor's Office of
Emergency Services

A GRANT AUDIT

California Department of Justice
CALGANG System
Grant Award GV05099504
For the Period July 1, 2005
through June 30, 2006

Prepared By:
Office of State Audits and Evaluations
Department of Finance

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The Department of Finance, Office of State Audits and Evaluations (Finance), performed this grant audit under an interagency agreement with the California Department of Justice (DOJ). The purpose of this audit was to determine whether the DOJ complied with the Governor's Office of Emergency Services' (OES) CALGANG System grant award. The audit objectives were as follows:

- To determine whether the DOJ appropriately used state grant funds as intended and specified in the grant award.
- To determine whether the DOJ's internal control allows for the accurate and timely development of accounting data needed to produce the *Statement of Budgeted, Claimed, and Allowed Expenditures*.
- To verify the DOJ's compliance with applicable laws, regulations, and contract requirements.
- To provide, as necessary, recommendations regarding the eligibility of funding and improving internal control.

This report is intended for the information and use of the DOJ and the OES management and is not intended to be and should not be used by anyone other than the specified parties. However, this report is a matter of public record and its distribution is not limited.

STAFF:

Diana Antony, CPA
Manager

Zach Stacy
Supervisor

Kieucehinh Tran



INDEPENDENT AUDITOR'S REPORT

Mr. Craig Buehler, Chief
California Department of Justice
Criminal Intelligence Bureau
1102 Q Street, 6th Floor
Sacramento, CA 95814

We have audited the accompanying *Statement of Budgeted, Claimed, and Allowed Expenditures* (Statement) of the California Department of Justice (DOJ), in accordance with the Governor's Office of Emergency Services' (OES) grant award GV05099504 for the period July 1, 2005 through June 30, 2006. The Statement was prepared from the DOJ's records and is the responsibility of the DOJ management. Our responsibility is to express an opinion on the Statement based on our audit.

We conducted our audit in accordance with *Generally Accepted Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to provide reasonable assurance as to whether the Statement is free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the Statement. An audit also includes assessing the accounting principles used and significant estimates made by management. We believe that our audit provides a reasonable basis for our opinion.

The accompanying Statement was prepared, as described in Note 1, for the purpose of determining the DOJ's fiscal compliance with the requirements of grant award GV05099504. The Statement is not intended to be a presentation of the DOJ's total revenue and expenditures.

In our opinion, the Statement referred to above presents fairly, in all material respects, the budgeted, claimed, and allowed expenditures for grant award GV05099504 for the period July 1, 2005 through June 30, 2006, in conformity with accounting principles generally accepted in the United States of America.

Compliance

As part of obtaining reasonable assurance about whether the DOJ's Statement is free of material misstatement, we performed tests of the DOJ's compliance with certain provisions of laws, regulations, contracts, and the grant award, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit; and accordingly, we do not express such an opinion. The results of our tests did not disclose any instances of

noncompliance that are required to be reported under *Generally Accepted Government Auditing Standards*.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the DOJ's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the Statement and not to provide assurance on the internal control over financial reporting. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the Statement being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses.

This report is intended solely for the information and use of the DOJ and the OES management and is not intended to be and should not be used by anyone other than the specified parties. However, this report is a matter of public record and its distribution is not limited.

Original signed by:

Janet I. Rosman, CPA
Assistant Chief, Office of State Audits and Evaluations
(916) 322-2985

March 16, 2007

STATEMENT OF BUDGETED, CLAIMED, AND ALLOWED EXPENDITURES

California Department of Justice
CALGANG System
Grant Award GV05099504
For the Period July 1, 2005 through June 30, 2006

	<u>Budgeted</u>	<u>Claimed</u>	<u>Allowed*</u>	<u>Questioned</u>
Grant Funds				
Operating Expense	<u>\$ 300,000</u>	<u>\$ 296,074</u>	<u>\$ 296,074</u>	<u>\$ 0</u>
 Total Grant Funds	 <u>\$ 300,000</u>	 <u>\$ 296,074</u>	 <u>\$ 296,074</u>	 <u>\$ 0</u>

*Allowed amounts are based on the results of audit tests.

The accompanying notes are an integral part of this statement.

NOTES TO THE STATEMENT OF BUDGETED, CLAIMED, AND ALLOWED EXPENDITURES

**California Department of Justice
CALGANG System
Grant Award GV05099504
For the period July 1, 2005 through June 30, 2006**

NOTE 1 Significant Accounting Policies

A. Definition of the Reporting Entity

The constitutional office of the Attorney General, as chief law officer of the state, has the responsibility to see that the laws of California are uniformly and adequately enforced. This responsibility is fulfilled through the diverse programs of the California Department of Justice (DOJ).

The DOJ is responsible for providing skillful and efficient legal services on behalf of the people of California. The Attorney General represents the people in all matters before the Appellate and Supreme Courts of California and the United States; serves as legal counsel to state officers, boards, commissions, and departments; represents the people in actions to protect the environment and to enforce consumer, antitrust, and civil rights laws; and assists district attorneys in the administration of justice.

The DOJ also coordinates efforts to address the statewide narcotic enforcement problem; assists local law enforcement in the investigation and analysis of crimes; provides person and property identification and information services to criminal justice agencies; supports the telecommunication and data processing needs of the California criminal justice community; and pursues projects designed to protect the people of California from fraudulent, unfair, and illegal acts.

B. Program Information

The CALGANG automated gang tracking system was placed into operation in December 1997 in response to the Attorney General's public announcements to make it a priority to assist local agencies in combating gangs. The DOJ, California Bureau of Investigation (CBI), embarked upon a multi-year, OES-funded effort to design, develop, and deploy a centralized lineage of existing local agency gang databases. This database system provides intelligence information to assist local agencies, and state and federal law enforcement agencies, in solving

gang related crimes, and provides tactical and strategic information to gang unit operations and police administrators throughout California. Presently, there are 13 regional local law enforcement agency gang information centers established in California. These node centers serve as central hub sites for over 500 local, federal, and state agencies.

The OES awarded the DOJ a \$300,000 grant award to provide funding to establish a database system to make gangs and gang member information available to local law enforcement agencies. The term of the grant is July 1, 2005 to June 30, 2006.

C. Basis of Presentation

We prepared the *Statement of Budgeted, Claimed, and Allowed Expenditures* (Statement) from the DOJ's accounts and financial transactions. The Statement summarizes the DOJ's expenditures pertaining to the grant award. The Statement is not intended to represent all of the DOJ's expenditures, and summarizes the DOJ's transactions pertaining to grant award GV05099504 only.

D. Basis of Accounting

The DOJ's accounts are maintained on a modified accrual basis and in accordance with the principles of fund accounting. Under the modified accrual basis, revenue are recorded as they become measurable and available, and expenditures are recorded at the time the liabilities are incurred.